

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

CIEP-02 TRSE-00 STR-04 OMB-01 CEA-01 COME-00 JUSE-00

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E.O. 11652: N/A

TAGS: MILI, EAIR, MARR, NATO, CA

SUBJ: LOCKHEED LRPA PROJECT

REF: OTTAWA 921

FOLLOWING IS EXCERPT FROM MAR 10 MONTREAL GAZETTE ARTICLE  
ENTITLED "OTTAWA TO MOVE SOON ON LOCKHEED PACT"

BEGIN QUOTE. CANADA WILL DECIDE BY THE END OF THIS MONTH  
WHETHER TO GO AHEAD WITH A \$1-BILLION CONTRACT WITH  
LOCKHEED AIRCRAFT CORP. FOR 18 LONG-RANGE PATROL AIRCRAFT,  
SUPPLY MINISTER JEAN-PIERRE GOYER SAID YESTERDAY.  
HE TOLD REPORTERS THAT THE MAIN PROBLEM IS FINANCING THE  
PURCHASE. THE SOLUTION HAS TO COME FROM THE DEFENCE  
DEPARTMENT, HE ADDED.

THE DEPARTMENT ANNOUNCED LAST YEAR THAT IT WOULD BUY THE  
PLANES FROM LOCKHEED FOLLOWING A COMPETING BID FROM THE  
BOEING CO., BUT NO CONTRACT WAS SIGNED.

GOYER SAID THE REVELATIONS OF FINANCIAL DIFFICULTIES AND  
BRIBERY OVERSEAS BY LOCKHEED MADE THE GOVERNMENT  
MORE PRUDENT IN ITS NEGOTIATIONS WITH THE  
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TROUBLED U.S. COMPANY.

THE DIFFICULTIES CONCERN PROGRESS PAYMENTS FOR THE AIRCRAFT, WHICH COST \$52 MILLION EACH, AND THE SOLUTION DEPENDS ON PRODUCTION SCHEDULES FOR THE PLANES, GOYER SAID.

COMPLETION DATE WAS ORIGINALLY SET FOR 1980 AND PAYMENT WAS TO BE FOR EACH PLANE AS IT WAS PRODUCED.

GOYER WAS COMMENTING ON REPORTS THAT LOCKHEED HAD LED THE GOVERNMENT TO BELIEVE IT WOULD SUPPLY THE FINANCING EVEN THOUGH IT WAS LACKING \$200 MILLION IN INITIAL FUNDS FOR CONSTRUCTION.

HE SAID CANADA STILL WANTS TO SIGN A CONTRACT WITH LOCKHEED, BUT IT WILL DEPEND ON THE CURRENT NEGOTIATIONS. THE U.S. GOVERNMENT REPRESENTS TWO-THIRDS OF LOCKHEED ORDERS AND THIS ENSURES 'SUFFICIENT SAFETY' OF ANY CANADIAN CONTRACT FOR AIRCRAFT FROM THE COMPANY GOYER TOLD PARLIAMENT. END QUOTE.

ENDERS

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## Message Attributes

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